

March 26, 2010

**MONTANA STATE FUND  
REQUEST FOR PROPOSAL - ADDENDUM 1  
RFP NO. MSF 40  
TO BE OPENED: April 9, 2010  
TITLE: MANAGED CARE ORGANIZATION (MCO)**

**ADDENDUM NO.1**

**Please make the following addition to the above -referenced "Request for Proposal".**

**Attached are written questions received in response to this RFP. These questions, along with the Montana State Fund's response, become an official amendment to this RFP.**

- 1) **Section 1.1: Page 5, Contract Term:** The contract between Montana State Fund and the current MCO was eligible to be renewed through June 30<sup>th</sup> 2013. Can you offer any specifics on the decision to go out to bid as opposed to renewing with the existing MCO?

**MSF Response:** The contract term between Montana State Fund (MSF) and the current Managed Care Organization (MCO) was for a period of three years beginning July 1, 2006 and ending June 30, 2009. This contract was extended through to June 30, 2010 with no service changes. Even though MSF has the option to renew the contract for a maximum of 7 years RFP 40 was initiated based on MSF's desire to make significant changes in the scope of services and contract terms from RFP 24.

- 2) **Section 1.4.3.3: Page 6, Mandatory Requirements:** How many employees does the MCO currently have working on-site at Montana State Fund?

**MSF Response:** The current MCO has 11 employees working on-site at MSF.

- 3) **Section 3: Page 11, Scope of Project:** In addition to referral fees outlined in Section 3: Scope of Project on Page 11, are any other fees paid by Montana State Fund to the current MCO?

**MSF Response:** The current contract between MSF and the MCO includes a quarterly incentive payment if quality assurance thresholds are met. At one time MSF paid up to 10% over the allowed fee per the Department of Labor & Industry (DOLI) fee schedule for evaluation and management service codes. This practice will be discontinued April 1, 2010.

- 4) **Section 3: Page 11, Scope of Project:** If there are other fees paid to the current MCO as part of the existing contract are there any other related Addenda specific to the relationship between Montana State Fund and the current MCO that can be provided?

**MSF Response:** Under the current contract, an incentive payment is awarded to the MCO, with a requirement that at least 75% of the payments are forwarded on to medical providers, for timely scheduling and notification of appointments made at the request of MSF and for complete and timely treatment notes supporting the objective medical findings and appropriate treatments for the industrial injury leading to the workers compensation claim. MSF is not interested in an incentive program, or paying above fee schedule for medical services as noted in #3 with this RFP.

- 5) **Section 3: Page 11, Scope of Project:** Montana State Fund describes the goal of this RFP is to focus on medical management services and significantly reduce administrative services performed by the MCO. Can you elaborate specifically on what reductions in the administrative services performed by the MCO you would like to see in the future?

**MSF Response:** The current contract between MSF and the MCO includes arrangement of medical appointments, follow-up on appointment attendance, pursuit of appointment documentation, and claim file preparation for transfer of care and independent medical evaluations. We are not seeking these services in this RFP.

- 6) **Page 12 – Paragraph -- MCO Prior Authorization History Fiscal Year 2010:** *“It is anticipated the Department of Labor and Industry will adopt Treatment and Utilization Guidelines effective July 1, 2010. These guidelines will be applicable to injuries and occupational diseases that occurred on or after July 1, 2007”.* Does the Montana State Fund have any indication of what the treatment guideline will be?

**MSF Response:** The Montana Department of Labor and Industry (DOLI) has stated they will propose adopting the Colorado Workers’ Compensation Treatment Guidelines, supplemented with another national guideline (for example ODG or ACOEM) for any gaps in treatment for workers’ compensation injuries or illnesses that may exist in the Colorado Guidelines, as the Montana Utilization and Treatment Guidelines. DOLI anticipates releasing an RFP to vendors for a consolidated package providing one-stop electronic access to what will be the Montana Utilization and Treatment Guidelines. DOLI hopes to have those Guidelines adopted by October 1, 2010, but the rule making process may require the effective date to be as late as January 1, 2011. MSF will work with the selected vendor to train to, and implement, the selected Guidelines as soon as they are identified.

- 7) **Page 11 – Paragraph – 2<sup>nd</sup> to last paragraph:** *“For calendar year 2010, MSF will refer an estimated 2,300 claims to a managed care organization. Of these referrals, 75% are indemnity claims and 25% are medical only claims. The number of enrolled claims is currently estimated to be 2,300. Total dollars paid in the form of a MCO referral fee has averaged over \$ 1 million dollars annually for the MCO’s medical and administrative services. These results have proven to be typical for the past few years, given the mix of insured business and premium growth. **The goal of this RFP is to focus on medical management services and significantly reduce administrative services performed by the MCO.**”* Can you please explain in a little more detail of what “administrative services” your current MCO vendor is handling that the Montana State Fund is looking to significantly reduce moving forward? In addition, could you also explain why the fund has chosen to reduce these services?

**MSF Response:** The current contract between MSF and the MCO includes arrangement of medical appointments, follow-up on appointment attendance, pursuit of appointment documentation, and claim file preparation for transfer of care and independent medical evaluations. We are not seeking these services in this RFP as they are administrative in nature and can be cost effectively handled by current MSF staff.

- 8) **Section 3.0.6 MCO Administrative Responsibilities:** MHS currently schedules over 200 appointments / IMEs per month for MSF. What is the expected number that will be scheduled under the new contract?

**MSF Response:** The current contract between MSF and the MCO includes arrangement of medical appointments, follow-up on appointment attendance, pursuit of appointment documentation, and claim file preparation for transfer of care and independent medical

evaluations. Although we are not seeking these services in this RFP, MSF anticipates making the same number of appointments itself for these services.

- 9) **Section 3.1.10.1 Space Rental:** The estimate is given for six workstations per month. Will MSF provide additional spaces, at additional cost, should more than six staff be needed to meet the contract?

**MSF Response:** Yes, if additional spaces are necessary to meet the terms of the contract.

**Acknowledgment of Addendum:**

The offeror for this solicitation must acknowledge receipt of this addendum. This page must be submitted at the time set for the proposal opening or the proposal may be disqualified from further consideration.

I acknowledge receipt of Addendum #1.

Signed:\_\_\_\_\_

Company Name:\_\_\_\_\_

Date:\_\_\_\_\_